ACCOUNTS OF 1113.

2. Though the revised budget for 1113 was prepared on the basis of a revenue realisation of Rs 251·06 lakhs, the actual collections amounted only to Rs 249·60 lakhs, while the expenditure charged to revenue was Rs 251·32 lakhs against the revised estimate of Rs 250·06 lakhs. The year thus closed with a revenue deficit of Rs 1·72 lakhs as against a surplus of Rs 1 lakh anticipated in the revised estimate. This was the result of a decline in the anticipated revenue to the extent of Rs 1·46 lakhs and of increase in expenditure amounting to Rs 1·26 lakhs. The fall in revenue was mainly under Land Revenue (2·90), Excise-Tobacco (·86) and Stamps (1·18) counter-balanced to some extent by increased receipts under Taxes on Income (1·14), Customs (·77), Forests (·71) and Miscellaneous (1·06). The decrease under Land Revenue was due to the remission of tax to the extent of Rs 1·39 lakhs sanctioned during the year and also to the extension of time granted for payment of tax till the end of Kanni 1114. Under Excise, the decrease was under Tobacco due to lesser consumption. Stamp revenue was less than the anticipation by Rs 1·18 lakhs, the decline being mainly under Court Fee Stamps.

The improvement under Taxes on Income was under Income derived from business and was also due to less expenditure on account of refund of revenue. Under Customs, the betterment was under Exports due to large exports of pepper and ginger and of the produce of the cocoanut tree. Forest revenue was better than the revised estimate by Rs ·71 of a lakh due to better prices obtained for our timber. Under Miscellaneous the increase was due to larger lapses of deposits.

On the expenditure side, the net increase of Rs 1·26 lakhs was contributed chiefly by Medical, Public Health and Sanitation (·54) due to increased expenditure under hospitals and dispensaries, and partly by superannuation allowances and pensions (·55) on account of the increase in the retirement list.

The receipts from the sale of Government lands and the Miscellaneous receipts amounted to Rs. 1·87 lakhs and the capital expenditure not charged to revenue including the loss on the investment in the Travancore Sugars was Rs 25·30 lakhs against the revised estimate of Rs 3.35 lakhs and Rs 32.33 lakhs respectively.

As a result of the year's transactions, both ordinary and capital, the Government Balance which was expected to stand at Rs 45·80 lakhs in the revised estimate for the year amounted to Rs 48·43 lakhs at the close of the year.

REVISED ESTIMATES FOR 1114.

3. I come now to the current year 1114. In his budget speech last July, my predecessor had anticipated a total revenue of Rs 261·41 lakhs during the current year and provided for a programme of ex-

LIBRARY ARCHIVES Kerala Legislative Assembly

penditure of Rs 259·98 lakhs, thus leaving a revenue surplus of Rs 1·43 lakhs. The above estimates were based on the continuance, within the State, of normal conditions during the year. Unfortunately, however, public tranquillity was violently disturbed by the initiation of the Civil Disobedience Movement and other subversive political activities which were started during the early months of the year and which upset the programmed budgetary position. These subversive activities adversely affected the revenue realisations under some of the important revenue heads and inevitably resulted in additional and avoidable expenditure to the extent of more than Rs 3 lakhs for the preservation of peace and order in the land. On the basis of the actuals so far available, the revenue for the year is expected to stand at Rs 256·27 lakhs and the expenditure charged to revenue at Rs 257·08 lakhs, resulting in a small revenue deficit of Rs ·81 of a lakh, But for the political disturbances, the ordinary transactions of the current year would have resulted in a revenue surplus of more than two lakhs instead of a deficit. The ordinary revenue of the year is expected to be less than the budget anticipation by Rs 5·14 lakhs. This is the net result of decrease in revenue to the extent of Rs 13·44 lakhs under some of the revenue heads and increases amounting to Rs 8·30 lakhs under others. The expected decrease in revenue is mainly under Law Revenue (1·06), Excise (2·51), Stamps (1·32), Industries (·94), Currency and Mint (·73), Buildings, Communications and Miscellaneous Public Improvements (1·83), Commercial Transport (2·85) and the Ceramic Factory (·80). The expected decrease under Land Revenue is mainly under Ayacut, due chiefly to the extension of the concessions sanctioned at the close of last year in regard to the tax left in arrears on the last day of Karkadagom 1113 to those also who had paid the tax in 1113 by adjusting the excess from the current year's tax in case they paid the dues one month before the close of 1114. In this connection I may mention that as a result of the repeated representations made by the Nanjinad ryots regarding the high rate of assessment prevailing in that part of the State and on the basis of the recommendations of the Special Officer, who was appointed to examine the question and in view of the repeated failure of the monsoons in recent years and the proved inadequacy of the Kodayar Reservoir to meet in full the demand for water supply to the entire extent of lands under cultivation. Government have sanctioned as a concession a general remission of 20 percent of the Ayacut demand with effect from the second half of the current year on all wet lands in the taluks of Thovala, Agasteeswaram (except the pakuthies of Neendakara A and B Divisions) and Shencottah including Sreepandaravagi lands, for a period of 5 years. This general remission represents a reduction in revenue to the extent of Rs. 86,000 every year.

4. Supplies to the Palace through the Kandukrishi will be abolished with effect from the commencement of the next year; and the lands coming under Pandaravagai viruthies will be enfranchised and

LIBRARY ARCHIVES Kerala Legislative Assembly

registered in the names of the present holders on levy of full assessment and vilayartham. The vilayartham and assessment on these lands will be credited to the General Revenues and an amount equal to the increased assessment realised by the enfranchisement will be paid annually to the Palace as compensation for loss on account of the abolition of the Viruthi service.

5. Under Excise, the decrease is expected both under Tobacco and Abkari and Opium to the extent of Rs 1·80 lakhs and Rs ·71 of a lakh respectively. The fall under Tobacco is due to less consumption and that under Abkari due mainly to the Civil Disobedience Movement started at the beginning of the year. The fall in Stamp revenue as also under Registration is due to an appreciable shrinkage in business activities and the decline in litigation in general as a result of the organisation of the Debt Conciliation Boards. In the current year there has been a special receipt of about Rs. 60,000 from the sale of General Stamps on account of Advocates' Enrolment fees. The Industries budget included a receipt of Rs ·66 of a lakh on account of lease amount, rent etc., due from the Travancore Cables and Rubbers Ltd., to whom the Rubber factory was leased out in 1112. The Company stopped working the factory on account of various adverse circumstances and no further receipts are expected under this head pending a thorough overhaul of the working of the factory which is contemplated. The decrease under Currency and Mint is due to the delay in completing the arrangement for minting Chitra Coins for Rs. 1 lakh. Arrangements have now been finally made to mint the coins in the Government Mint at Bombay, instead of at Birmingham as hitherto and it is expected that the new coins will be ready for issue early next year. Under Buildings, Communications and Miscellaneous Public Improvements, the expected fall is due to less receipts from the Road Development Account of the Government of India which amounted to Rs ·78 of a lakh only against the anticipated receipt of Rs. 2 lakhs. Owing to the delay in the completion of the bridge and approach road to the Willingdon Island, the Cochin-Munnar transport service which was expected to commence from December 1938 had to be postponed to the end of May 1939. New transport services contemplated in the budget such as Quilon-Kottarakara, Nagercoil-Azhakiapandipuram, etc., were also not taken up. These together with the political disturbances which obstructed regular traffic in addition to the destruction of vehicles reduced the receipts under Commercial Transport. Besides, the depreciation, interest and other charges for the two years 1113 and 1114 are proposed to be adjusted in the current year's accounts since the above adjustments were not made last year. In the budget estimate for the year, a net revenue of Rs ·95 of a lakh was anticipated from the working of the Ceramic Factory on the expectation that it would be possible to start work from the beginning of the current year. But, owing to the delay in the completion of Civil Engineering works, it was possible to start work only in Kumbhom and that too was confined to the washing of China clay alone on a limited scale. The net receipt in the current year is therefore expected to amount to Rs ·15 of a lakh only.

LIBRARY ARCHIVES Kerala Legislative Assembly

6. Increased revenue is expected under some of the major heads of which the important ones are Taxes on Income. ('86), Customs (1·77) Excise duty on Matches (2·66), Interest ('69) and Scientific and Miscellaneous Departments (1·34). Under Taxes on Income the increase is expected under income derived from business. The increase under Customs is due to larger exports of our dutiable articles. As a result of the revised accounting procedure adopted by the Central Government of adjusting the proceeds of the match excise duty, in the year to which they relate, the amount due to this Government out of the common pool to the end of February 1939 amounting to Rs 2·30 lakhs was received in the current year in addition to the share for the year ended March 1938. This accounts for the increase under Excise duty on matches. Under Interest the increase is due to the gain in the disposal of Government of India Securities of the 5 per cent. loan of 1945-55 for the face value of Rs. 5 lakhs. he expected increase under Scientific and Miscellaneous Department is due to larger exports of our mineral produce and also to the recovery of Rs ·87 of a lakh from Messrs. Hopkin and Williams Ltd., being the excess rebate on Royalty appropriated during the previous four years.

7. The Civil Disobedience Movement, started during the early months of the year, had adversely affected the revenue position, though not to the extent anticipated and perhaps desired by its promoters. As a precautionary measure, Government had to control the expenditure especially under travelling allowances and contingencies so as to keep it within the revenue realisations. During the continuance of the political agitation there were some items of special expenditure which had to be incurred H. E. The Crown Representative and H. H. the Maharaja of Bikaner paid visits to this State and the Thirumadampu Ceremony of H. H. the Elaya Raja was performed on a scale commensurate to its importance. In accordance with ordinary canons of finance, Rs. 3·1 lakhs were debited to the Revenue Reserve Fund of Rs. 12 lakhs, representing the expenditure on these items which are not of a recurring character and stand in a separate category from the normal activities and expenditure of the State. This fund has in fact been created with a view to provide for special and capital expenditure and to meet unforeseen fall in revenue as in the current year. The ordinary expenditure of the year is thus estimated at Rs. 257·08 lakhs or Rs. 2·90 lakhs less than the budget estimate, the variation being only about ·8 per cent. The main items which contribute to this savings are Forest (·50), H. H. The Maharaja's Tours outside the State (1·00), Education (1·35) and Army (1·03). The decrease under Forest is due to the non-utilisation of the full provision made for the Development Department. The provision of Rs. 1 lakh made in the budget for the tour of His Highness the Maharaja outside the State is expected to lapse. The saving in Education expenditure is chiefly under salaries and establishment charges. Under Army, the saving is due to the fact that the strength of the Forces has not been brought up to the full sanctioned number. Increased expenditure is also expected under Police ('87). Buildings, Communications and Miscellaneous Public Improvements (1·08) and Superannuation Allowances and Pensions ('51). The

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. M. Govinda Pillai]

increase under Police is due to the extra expenditure that had to be incurred in the year for the formation of a Special Armed Reserve Police and the enrolment of Special Police for the preservation of peace and order in the country, which were disturbed by the Civil disobedience Movement. Under Buildings, Communications and Miscellaneous Public Improvements, the increase is due to the additional grants sanctioned in the course of the year for urgent works. The increase under Superannuation Allowances and Pensions is due to the increase in the retirement list.

8. On the capital section, sale proceeds of Government lands are expected to bring in Rs. 2 lakhs against the budget estimate of Rs. 2.5 lakhs and Rs. 1·91 lakhs has been received from the Travancore Sugars and Chemicals Ltd., on account of the sale of the Government Distillery at Nagercoil. A total outlay of Rs. 23·30 lakhs is now expected on our non-productive schemes and works against the budgeted expenditure of Rs. 33 50 lakhs. In the result, a net outgoing of Rs. 20·20 lakhs is expected this year against Rs. 29·57 lakhs anticipated in the budget. The Government Balance is now expected to be Rs. 28·23 lakhs, at the close of the current year.

BUDGET ESTIMATES FOR 1115.

9. I shall now pass on to the budget estimates for the ensuing year. The estimates have been framed on the data now available and in the expectation of the continuance of the present normal conditions and of a normal season as to both of which the forecasts are propitious. The estimated revenue for the next year is Rs. 263·79 lakhs and the programme of expenditure charged to this revenue has been fixed at Rs. 261·09 lakhs leaving a surplus of Rs. 2·70 lakhs. The receipts from the sale of Government lands are expected to bring in Rs. 2·5 lakhs and the programme of capital expenditure on non-productive works is estimated at Rs 24·5 lakhs. The capital outlay on productive works aggregating to Rs 27·75 lakhs has been provided for under the Debt Head section of the budget. We shall thus be drawing from our accumulated surplus Rs 19·30 lakhs in the next year. In the result, the Government Account balance is expected to stand at Rs 8·93 lakhs.

REVENUE.

10. The budgeted revenue of Rs. 263·79 lakhs for the next year is expected to be better than the anticipated revenue for the current year by Rs 7·52 lakhs. The main items which, it is hoped, will contribute to the increase are Taxes on Income (·60), Excise (2·78), Forests (·94), Stamps (·80), Currency and Mint (1·45), Commercial Transport (2·26) and Ceramic Factory (·85). The increase under Taxes on Income is expected mainly under income derived from business as a result of the activities of the department in detecting fresh cases of

LIBRARY ARCHIVES Kerala Legislative Assembly